

**School District of the City of Muskegon Heights
Receivership Transition Advisory Board Agenda
Wednesday, March 21, 2018, 4:00 PM**

2603 Leahy St
Muskegon Heights, MI 49444

I. CALL TO ORDER

- A. Roll Call
- B. Approval of RTAB Meeting Minutes
 - i. February 21, 2017 (attachment #1)

II. OLD BUSINESS

III. NEW BUSINESS

- A. News and Updates
 - i. Emergency Loan Board
- B. Monthly Reports (attachment #2)
 - i. Liabilities report (attachment #3)
 - ii. Cash flow projections (attachment #4)
 - iii. Comparison of budgeted revenue and expenditure to actual (attachment #5)

IV. PUBLIC COMMENT

V. ADJOURNMENT

School District of the City of Muskegon Heights
Receivership Transition Advisory Board Meeting

Wednesday, February 21, 2018
Conference Room
2603 Leahy St.
Muskegon Heights, MI 49444

MINUTES

I. Call to Order

Chair Michael Wrobel called the meeting to order at 4:04p.m.

A. Roll Call

Members Present – 4

Patrice Johnson
Dale Nesbary
Clinton Todd
Michael Wrobel

Members Absent – 1

John Schrier

A quorum was present.

B. Approval of Minutes

Motion by Dr. Nesbary to approve the draft minutes of the RTAB's December 20, 2017 meeting as presented. Motion moved and seconded by Ms. Johnson. The RTAB approved the minutes of the December 20, 2017 meeting as presented.

II. Old Business

Mr. Lewis provided a requested analysis of the District's Qualified Zone Academy Bond (QZAB) liability showing interest and set-aside projections out to December 2022 when the full payment is made.

III. New Business

A. News and Updates

Chair Wrobel provided an update on the Emergency Loan Board schedule. The meeting will include other districts and is expected to have a meeting date scheduled by early March.

B. Monthly Reports

i. Cash Flow Projections

Chair Wrobel asked about tax revenue receipts from September to December. Mr. Lewis answered the District has a summer and winter levy and receives the amounts as they are paid. Mr. Lewis also reported the district has historically had a high delinquency rate of around 30%.

Chair Wrobel asked about miscellaneous spending. Mr. Lewis responded the amount is carried across in case any small expenditures occur such as a boiler motor that recently malfunctioned in the District.

High legal costs were brought up. Mr. Lewis noted that the District has recently changed law firms citing potential savings. Other high costs included major transitions in the previous couple of years.

ii. Liabilities Report

Mr. Lewis reported continued increases in ORS and UIA liabilities. The District was recently reactivated in UIA's online system triggering additional fees. The District is communicating with UIA and submitted a request for abatement to eliminate these fees. The date of the emergency loan still remains a concern for budget and cash projections.

Ms. Johnson asked about the requested emergency loan amount being lower than the combined liabilities to UIA and ORS. This was explained that only a set amount of funds were appropriated for districts to receive in emergency loans. The District will have to pay the remainder of the outstanding liabilities.

iii. Comparison of Budgeted Revenue and Expenditure to Actual

Mr. Lewis reported the Technology budget item still includes a payable from Highland Park Schools. This will remain in the system until the amount has been received. A budget amendment will be expected in the next couple of months.

IV. Public Comment

None

V. Adjournment

Motion made to adjourn by Dr. Nesbary. Motion moved and seconded by Ms. Johnson. The Board approved the motion to adjourn.

There being no further business, the meeting adjourned at 4:25p.m.

DRAFT



Muskegon Heights Public Schools

2603 Leahy Street • Muskegon Heights, MI 49444 • Phone 231-830-3221 Fax
231-830-3560

Date: March 9, 2018

To: Receivership Transition Advisory Board (RTAB)
Muskegon Heights Public Schools Board of Education

From: John Lewis, Assistant Superintendent

Re: Board Meeting Packet for March 21, 2018

Attached, please find the Muskegon Heights Public Schools Budget to Actual Revenue and Expenditure Report, Cash Flow Statement, and Liabilities Report for your review.

Budget to Actual Revenue and Expenditure Report

Attached you will find the budget to actual reports as of March 2, 2018.

During the month of February, the district received around \$103,000 in debt service tax collections, but did not receive any general fund/operating taxes from the city. I had a conversation with the city treasurer's department and was informed that these funds will be transferred to the district in March. We are still estimating around \$182,000 in receipts, but it may be more.

Expenditures for February were relatively low compared to other months as expected.

Cash Flow Statement

The attached cash flow statement is somewhat different than the one provided to the local board on 3/5. In that report, we had projected that we could possibly close on the emergency loans and pay off the ORS and UIA balances in March. Unfortunately, the closing and subsequent liability payoff will most likely occur in April at the earliest. This new statement includes the date changes.

Liabilities Report

The ORS and UIA balances continue to grow daily. All other liabilities remain unchanged from the prior period.

We currently have a penalty and fee waiver request outstanding with the UIA as mentioned at our previous meeting. This request is still pending as of today's date, but remain hopeful we will receive a response before our April meeting.

Attachment #3

Fund	Rate	Description	Issuance Date	Original Amount	Term Length	Principal	Interest	Total Amount	Projected Maturity Date	As of Date
GF		ORS			Short			\$ 1,543,219	N/A	2/21/2018
GF		Payable to MDE - At-Risk Payback			Short			\$ 371,436	N/A	3/2/2018
GF		UIA			Short			\$ 1,024,668	N/A	3/2/2018
GF	2.45%	Emergency Loan #1 - 2012	8/16/2012	\$ 7,650,000	Long	\$ 6,990,000	\$ 2,466,783	\$ 9,456,783	11/1/2041	3/2/2018
GF	2.35%	Emergency Loan #2 - 2013	1/18/2013	\$ 3,500,000	Long	\$ 3,165,000	\$ 1,052,683	\$ 4,217,683	11/1/2041	3/2/2018
GF	3.45%	Emergency Loan #3 - 2014	4/28/2014	\$ 1,400,000	Long	\$ 1,400,000	\$ 977,385	\$ 2,377,385	4/3/2044	3/2/2018
GF	NA	2007 Energy Conservation Improvement Bonds	12/19/2007		Long	\$ 3,149,000	\$ -	\$ 3,149,000	12/19/2022	3/2/2018
DF	5.00%	2016 Refunding Bonds, Series A	3/29/2016		Long	\$ 13,710,000	\$ 4,295,922	\$ 18,005,922	5/1/2029	3/2/2018
DF	1.74%-2.61%	2016 Refunding Bonds, Series B	3/26/2016		Long	\$ 5,225,000	\$ 152,074	\$ 5,377,074	5/1/2021	3/2/2018
DF	3.41%	School Bond Loan Fund	Annual		Long	\$ 2,212	\$ 90	\$ 2,302	5/1/2035*	3/2/2018
DF	3.41%	School Loan Revolving Fund	Annual		Long	\$ 701,012	\$ 12,236	\$ 713,248	5/1/2035*	3/2/2018
				\$ 12,550,000		\$ 34,342,224	\$ 8,957,172	\$ 46,238,719		

Note: GF - General Fund (18 mill levy); DF - Debt Service Fund (13 mill levy)

*Indicates Mandatory Repayment Date

Liability

Usage Explanation:

EL #1 Majority of proceeds used to retire SAN received in August 2011. Remainder used for final payrolls and other prior year expenses
 EL #2 Legacy costs
 EL #3 Legacy costs
 Total Emergency Loans issued: \$12,550,000

Projected Monthly Cash Flow - One Year Projection

Date
3/9/2018

Attachment #4

School District Muskegon Heights Public Schools	WITH EL PROCEEDS
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	March 18	April 18	May 18	June 18	July 18	August 18	September 18	October 18	November 18	December 18	January 19	February 19
Beginning Balance	\$ 347,965	\$ 527,806	\$ 232,806	\$ 441,652	\$ 382,727	\$ 323,582	\$ 561,332	\$ 583,682	\$ 621,869	\$ 618,447	\$ 250,767	\$ 429,054
Estimated Receipts												
Taxes	\$ 182,472		\$ 210,540			\$ 240,000	\$ 40,000	\$ 40,000			\$ 180,000	\$ 87,000
Taxes - Tech Millage	\$ 25,000		\$ 1,500	\$ 21,187			\$ 15,000	\$ 15,000				\$ 27,000
Authorizer Fees	\$ 15,400	\$ 15,400	\$ 15,400	\$ 15,400	\$ 15,400	\$ 15,400	\$ -	\$ 15,837	\$ 15,837	\$ 15,837	\$ 15,837	\$ 15,837
ELN Proceeds		\$ 2,449,000										
Other Revenue	\$ 1,527	\$ 1,527	\$ 1,527	\$ 1,527	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Total Available Funds	\$ 572,364	\$ 2,993,733	\$ 461,773	\$ 479,766	\$ 399,127	\$ 579,982	\$ 617,332	\$ 655,519	\$ 638,706	\$ 635,284	\$ 447,604	\$ 559,891
Less Estimated Expenditures:												
Payrolls	\$ 14,070	\$ 15,579	\$ 14,070	\$ 14,070	\$ 18,658	\$ 14,070	\$ 14,070	\$ 14,070	\$ 15,579	\$ 14,070	\$ 14,070	\$ 14,070
Other Expenditures	\$ 5,488	\$ 4,980	\$ 4,550	\$ 4,580	\$ 56,886	\$ 4,580	\$ 4,580	\$ 4,580	\$ 4,680	\$ 8,230	\$ 4,480	\$ 5,280
Emergency Loan Payment	\$ -	\$ 138,801	\$ -	\$ 57,203	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 180,125	\$ -	\$ -
Tech Millage to PSA	\$ 25,000	\$ -	\$ 1,500	\$ 21,187	\$ -	\$ -	\$ 15,000	\$ 15,000	\$ -	\$ -	\$ -	\$ 27,000
ORS Repayment	\$ -	\$ 1,575,950	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
UIA Repayment	\$ -	\$ 1,025,617	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Liens/Loans (Totals)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 182,092	\$ -	\$ -	\$ -
Estimated Ending Balance	\$ 527,806	\$ 232,806	\$ 441,652	\$ 382,727	\$ 323,582	\$ 561,332	\$ 583,682	\$ 621,869	\$ 618,447	\$ 250,767	\$ 429,054	\$ 513,541

Expenses by Month

	Mar 18	Apr 18	May 18	Jun 18	Jul 18	Aug 18	Sep 18	Oct 18	Nov 18	Dec 18	Jan 19	Feb 19	Totals
Payrolls (including contracted staff)	\$ 14,070	\$ 15,579	\$ 14,070	\$ 14,070	\$ 18,658	\$ 14,070	\$ 14,070	\$ 14,070	\$ 15,579	\$ 14,070	\$ 14,070	\$ 14,070	\$ 176,448
Consumers - electric	\$ 510	\$ 500	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 700	\$ 500	\$ 500	\$ 500	\$ 8,010
DTE - natural gas	\$ 1,998	\$ 1,500	\$ 770	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,800	\$ 13,068
Waste & Water utility	\$ 220	\$ 220	\$ 220	\$ 220	\$ 220	\$ 220	\$ 220	\$ 220	\$ 220	\$ 220	\$ 220	\$ 220	\$ 2,640
Audit Fees													\$ -
Legal Fees	\$ 1,160	\$ 1,160	\$ 1,160	\$ 1,160	\$ 1,160	\$ 1,160	\$ 1,160	\$ 1,160	\$ 1,160	\$ 1,160	\$ 1,160	\$ 1,160	\$ 13,920
Property Insurance					\$ 52,306								\$ 52,306
MAISD Tech Fee										\$ 3,750			\$ 3,750
Epicenter													\$ -
Bank Fees	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 7,200
Misc.	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 12,000
EL Loan Payments		\$ 138,801		\$ 57,203						\$ 180,125			\$ 376,129
ORS Repayment		\$ 1,575,950											\$ 1,575,950
UIA Payment		\$ 1,025,617											\$ 1,025,617
Tech Millage Flowthrough	\$ 25,000	\$ -	\$ 1,500	\$ 21,187	\$ -	\$ -	\$ 15,000	\$ 15,000	\$ -	\$ -	\$ -	\$ 27,000	\$ 104,687
QZAB Energy Bonds										\$ 182,092			\$ 182,092
Totals	\$ 44,558	\$ 2,760,928	\$ 20,120	\$ 97,040	\$ 75,544	\$ 18,650	\$ 33,650	\$ 33,650	\$ 20,259	\$ 384,517	\$ 18,550	\$ 46,350	\$ 3,553,816

Muskegon Heights Public Schools
 Revenues, Expenditures, and Fund Balance
 GENERAL FUND
 2017-18
 As of 3/2/18

	Budget 2017-18	Actuals to Date	Under/(Over) to Date
Beginning Fund Balance	\$ (2,430,766)	\$ (2,430,766)	
Revenue			
Property taxes	\$ 1,170,890	\$ 614,838	\$ 556,052
Oversight fees	\$ 174,210	\$ 77,557	\$ 96,653
Transfers and Other	\$ 16,800	\$ 14,154	\$ 2,646
Total Revenue	\$ 1,361,900	\$ 706,548	
Expenditures			
Data Technology	\$ 4,250	\$ 4,127	\$ 123
Board of Education	\$ 27,060	\$ 22,668	\$ 4,392
Executive Administration	\$ 65,780	\$ 35,362	\$ 30,418
Business Services	\$ 99,300	\$ 64,100	\$ 35,200
Interest and Fees Expense	\$ 215,660	\$ 4,349	\$ 211,311
Unpaid Auction and Delinquent Tax Fees	\$ 50,000	\$ -	\$ 50,000
Building Services	\$ 82,680	\$ 74,308	\$ 8,372
District Technology	\$ 900	\$ 1,247	\$ (347)
Emergency Loan Payments	\$ 506,470	\$ 359,504	\$ 146,966
Transfers and Other	\$ 305,730	\$ 228,687	\$ 77,043
Total Expenditures	\$ 1,357,830	\$ 794,351	
Revenues Less Expenditures	\$ 4,070	\$ (87,803)	
Projected Ending Fund Balance	\$ (2,426,696)	\$ (2,518,569)	

REVENUES	DESCRIPTION	AMOUNT
11-0111-0000-000-0000-000000-000000-	PROPERTY TAXES CURRENT	-524,431.85
11-0111-0000-100-0000-000000-000000-	OTHER TAXES	0.00
11-0121-0000-000-0000-000000-000000-	TECH MILLAGE FLOWTHROUGH	-82,669.98
11-0124-0000-000-0000-000000-000000-	PENALTY & INT ON DEL TAXES	0.00
11-0151-0000-000-0000-000000-000000-	EARNINGS ON INVEST & DEPOSITS	0.00
11-0191-0000-000-0000-000000-000000-	RENTALS	0.00
11-0199-0000-000-0000-000000-000000-	MISCELLANEOUS	-16.00
11-0321-0000-000-0000-000000-000000-	PPT REIMBURSEMENT	-7,735.80
11-0519-0000-001-0000-000000-000000-	3% AUTHORIZER FEE - MHPSA	-77,556.72
11-0519-0000-100-0000-000000-000000-	SHARED BUSINESS SVCS	-14,137.86
		-706,548.21

EXPENDITURES	DESCRIPTION	AMOUNT	SUM
11-1-225-7410-840-0000-00000-000000-	LICENSING FEES & RENEWALS	3,839.00	
11-1-226-4220-899-0000-00000-000000-	COPY MACHINE	288.40	\$ 4,127.40
11-1-231-3170-000-0000-00000-000000-	LEGAL SERVICES	8,108.16	
11-1-231-3180-000-0000-00000-000000-	AUDIT SERVICES	13,610.00	
11-1-231-7410-000-0000-00000-000000-	DUES & FEES	950.00	\$ 22,668.16
11-1-232-3150-000-0000-00000-000000-	CONTRACTED SERVICES	35,361.60	
11-1-232-3210-000-0000-00000-000000-	COST OF TRAVEL (MILEAGE)	0.00	
11-1-232-3430-000-0000-00000-000000-	MAILING	0.00	
11-1-232-7910-000-0000-00000-000000-	MISCELLANEOUS	0.00	\$ 35,361.60
11-1-252-1620-033-0000-00000-000000-	ACCOUNTING SPECIALIST	39,230.73	
11-1-252-2130-000-0000-00000-000000-	HOSPITALIZATION	11,265.74	
11-1-252-2820-033-0000-00000-000000-	CONTRIB TO ST&LOC RETIRE FUNDS	9,941.59	
11-1-252-2830-033-0000-00000-000000-	EMPLOYER SOCIAL SECURITY	3,001.18	
11-1-252-2840-033-0000-00000-000000-	WORKMAN'S COMPENSATION	1.19	
11-1-252-3150-030-0000-00000-000000-	CONTRACTED SERVICES	0.00	
11-1-252-3220-030-0000-00000-000000-	TRAVEL & CONFERENCE	0.00	
11-1-252-5910-030-0000-00000-000000-	OFFICE SUPPLIES	659.30	\$ 64,099.73
11-1-252-7410-000-0000-00000-000000-	INTEREST & FEES EXPENSE	4,349.16	\$ 4,349.16
11-1-259-7610-000-0000-00000-000000-	TAXES ABATED & WRITTEN OFF	0.00	\$ -
11-1-261-3190-100-0000-00000-000000-	CONTRACTED SERVICES	9,039.88	
11-1-261-3410-000-0000-00000-000000-	TELEPHONE CHARGES	0.00	
11-1-261-3830-000-0000-00000-000000-	WATER & SEWAGE	812.04	
11-1-261-3840-000-0000-00000-000000-	WASTE & TRASH DISPOSAL	456.00	
11-1-261-3910-000-0000-00000-000000-	INSURANCE	53,206.00	
11-1-261-4110-000-0000-00000-000000-	LAND AND BLDGS-REPAIRS & MAINT	0.00	
11-1-261-5510-000-0000-00000-000000-	HEATING FUEL	5,893.56	
11-1-261-5520-000-0000-00000-000000-	ELECTRICITY	4,900.29	\$ 74,307.77
11-1-284-3410-000-0000-00000-000000-	CELL PHONE CHARGES	1,246.97	\$ 1,246.97
11-1-411-8910-000-0000-00000-000000-	TRANSFERS TO MHPSA	46,594.42	
11-1-511-7110-994-0000-00000-000000-	PRINCIPAL PMT - EMERGENCY LOAN	210,000.00	
11-1-511-7230-994-0000-00000-000000-	INTEREST PMT - EMERGENCY LOANS	149,503.75	\$ 359,503.75
11-1-634-8110-000-0000-00000-000000-	QZAB TRANSFER - DEBT RETIREMEN	182,092.42	\$ 228,686.84
		\$ 794,351.38	\$ 794,351.38

Muskegon Heights Public Schools
 Revenues, Expenditures, and Fund Balance
 DEBT SERVICE - 2016 REFUNDING BONDS
 2017-18
 As of 3/2/18

	Actuals to Date
Beginning Fund Balance	\$ 236,108
Revenue	
Tax Revenues	\$ 634,047
SBLF/SLRF (State Bond Loan Programs)	\$ -
Total Revenue	\$ 634,047
Expenditures	
Tax Chargebacks & Auction Property	\$ -
Principal Payments	\$ -
Interest Payments	\$ 400,115
Total Expenditures	\$ 400,115
Revenues Less Expenditures	\$ 233,932
Projected Ending Fund Balance	\$ 470,041

Account	Description	2018 Actual
32-0111-0000-000-0000-000000-000000-	PROPERTY TAX LEVY	-529,448.19
32-0111-0000-100-0000-000000-000000-	OTHER TAXES-HSBF	0.00
32-0124-0000-000-0000-000000-000000-	PENALTY & INT ON DEL TAXES	0.00
32-0151-0000-000-0000-000000-000000-	EARNINGS ON INVESTMENTS-HSBF	-183.67
32-0321-0000-000-0000-000000-000000-	PPT REIMBURSEMENT	-104,415.35
32-0591-0000-000-0000-000000-000000-	BOND PROCEEDS	0.00
32-0595-0000-000-0000-000000-000000-	STATE LOAN PROGRAM-HSBF	0.00
32-0596-0000-000-0000-000000-000000-	PROCEEDS FROM REFINANCING DEBT	0.00
32-0596-0000-001-0000-000000-000000-	PREMIUM ON REFUNDING BONDS	0.00
32-0599-9000-000-0000-000000-000000-	DUE TO/FROM	0.00
32-0631-0000-000-0000-000000-000000-	TRANSFER IN	0.00
		-634,047.21

Account	Description	2018 Actual
32-1-252-3180-000-0000-000000-000000-	AUDIT SERVICES	0.00
32-1-252-7410-000-0000-000000-000000-	PAYING AGENT FEES	0.00
32-1-259-3610-000-0000-000000-000000-	PRINTING	0.00
32-1-259-7610-000-0000-000000-000000-	TAXES ABATED & WRITTEN OFF	0.00
32-1-511-7110-000-0000-000000-000000-	PRINCIPAL - 2006 REF BDS	0.00
32-1-511-7230-000-0000-000000-000000-	INTEREST-HSBF	400,115.00
32-1-511-7310-000-0000-000000-000000-	OTHER BOND ISSUANCE COSTS	0.00
32-1-511-7330-000-0000-000000-000000-	BOND DISCOUNT	0.00
32-1-511-7410-000-0000-000000-000000-	PAYING AGENT FEES-HSBF	0.00
32-1-512-7320-000-0000-000000-000000-	PAYMENTS TO BOND ESCROW AGENT	0.00

Muskegon Heights Public Schools
 Revenues, Expenditures, and Fund Balance
 QZAB Fund
 2017-18
 As of 3/2/18

	Actuals to Date
Beginning Fund Balance	\$ 1,796,294
Revenue	
Earnings on Investment	\$ 18,209
Transfers In	\$ 182,092
Total Revenue	\$ 200,302
Expenditures	\$ -
Total Expenditures	\$ -
Revenues Less Expenditures	\$ 200,302
Projected Ending Fund Balance	\$ 1,996,596

Account	Description	2018 Actual
34-0151-0000-000-0000-000000-000000-	EARNINGS ON INVESTMENTS	-18,209.45
34-0611-0000-000-0000-000000-000000-	QZAB TRANSFER	-182,092.42